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T H E S H E E P A N D L A M B S I T U A T I O N

Summary

Although lamb prices usually advance during the fed-lamb marketing season (December through April), prices in December and January declined sharply. In January the average price of lambs was the lowest for the month since 1933, the Bureau of Agricultural Economics reports. With a seasonal reduction in slaughter supplies expected in the next 2 months, however, some advance in lamb prices may occur, unless consumer demand for meats and prices of wool and pelts show further weakness.

The number of sheep and lambs slaughtered under Federal inspection in January was larger than that of a month earlier, and was the third largest for the month on record, though smaller than a year ago. Since the number of sheep and lambs on feed January 1 was about 11 percent larger than a year earlier, marketings of fed lambs during the remainder of the fed-lamb season probably will be larger than those of a year earlier, but this increase may be partly offset by smaller marketings of Texas grass-fat yearling lambs in March and April. Monthly slaughter of sheep and lambs from February through April probably will be seasonally smaller than in January.

REVIEW OF RECENT DEVELOPMENTS

BACKGROUND.- Chiefly as a result of seasonally larger slaughter supplies, lamb prices declined from June through September 1937. A further price decline occurred, contraseasonally, in October and November because of weakness in the consumer demand for meats and sharp declines in prices of pelts and wool. Inspected slaughter of sheep and lambs from May through September 1937 was larger than that of a year earlier, chiefly as a result of increased marketings of Texas yearling lambs. In October and November, however, slaughter supplies were reduced sharply. Total slaughter for the period from May through November (the grass lamb marketing season) was about the same as that of the previous year but considerably larger than the average for the 10 years, 1924-33.

Lamb price decline continued through January

During December and January, the first 2 months of the fed-lamb marketing season (December through April), lamb prices declined further, although they usually advance somewhat in this period. The decline apparently reflected increased market supplies of sheep and lambs, as well as further weakness in consumer demand for meats and lower prices of pelts and wool.

In the first week of February, prices of good and choice slaughter lambs at Chicago averaged \$7.25 per 100 pounds, nearly \$2 lower than in early December and about \$3 lower than a year earlier. Prices of good and choice feeder lambs at Omaha declined more than \$1 during December and January, and in early February, averaging \$6.95, were about \$1.50 lower than a year earlier.

The current business recession, in addition to having had an adverse effect on consumer incomes and demand for meats, also has resulted in a slackening in textile and leather manufacturing activities, and has seriously affected prices of wool and pelts. Quotations on prices of pulled wool at Boston in January averaged about 15 percent lower than in November, and 30 percent lower than in August, when the business recession first became evident. Quotations on prices of pelts at Chicago in January were approximately 25 percent lower than in November and 40 percent below the August level.

Supplies increased, but smaller than a year earlier

The number of sheep and lambs slaughtered under Federal inspection in January, totaling 1,552,000 head, was 11 percent larger than in December and 17 percent larger than in November. Though the number slaughtered was 9 percent smaller than the large slaughter in January last year, it was the third largest for the month on record.

Shipments of lambs from the principal feeding areas in Colorado and from the Scottsbluff area in Nebraska for the 5 weeks ended February 5 totaled 1,490 cars, about a third more than in the corresponding period a year ago but fewer than 2 years earlier. The number of lambs remaining in feedlots of the Northern Colorado, Arkansas Valley, and Scottsbluff sections on February 5 was reported to be 1,265,000 compared with 1,100,000 on the corresponding date last year and 1,295,000 in 1936. Average live weights of sheep and lambs marketed in recent weeks have been heavier than those of a year earlier.

Western range condition good

Most of the western winter ranges were open during January. Range feed was reported to be ample west of the Main Range and along the Eastern Slope, but was poor to fair in the Great Plains sections where soil moisture continues to be short. Sheep on western ranges on February 1 were in very good condition. Weather has been favorable in the northern areas. The condition of sheep is generally above average except in limited areas of the Great Plains that were dry last fall.

OUTLOOK

Marketings of fed lambs during the remainder of the present fed-lamb season probably will be considerably larger than those of a year earlier. This increase over last year may be partly offset, however, by smaller marketings of Texas grass-fat yearling lambs, since the proportion of the 1937 Texas lamb crop sold as feeders in the fall was much larger than the proportion of the 1936 crop sold. It was indicated in the Annual Outlook Report for sheep, lambs, and wool for 1938 that the number of sheep and lambs slaughtered in the current fed-lamb marketing season, December 1937 through April 1938, might total about the same as in the corresponding period a year earlier. Since slaughter in December and January was about 10 percent smaller than a year ago and the number of sheep and lambs on feed January 1 about 11 percent larger, it is probable that slaughter supplies during the remainder of the present fed-lamb marketing season will be larger than a year ago. Monthly slaughter supplies during this period, however, probably will be seasonally smaller than in January.

In California, prospects for early lambs were very favorable in December and January, and it is probable that the early lamb crop in that State is materially larger than the small crop of last year. Conditions also have been favorable in Arizona and in other early lambing States.

The decline in lamb prices during the past 3 months has been very sharp. Although prices from July through October 1937 were the highest for those months since 1929, prices in January averaged more than \$2 lower than a year earlier and were the lowest for the month since 1933. With a seasonal reduction in slaughter supplies of sheep and lambs expected for the period from February through April, however, it appears that some increase in lamb prices may take place during the next 2 months. The extent of this advance, should it occur, will depend partly on the degree to which slaughter supplies are reduced, and partly on changes in consumer demand for meats and prices of pelts and wool. If business activity remains relatively stable near the present level during the next few months, the demand for meats probably will not weaken much further.

Changes in lamb prices after April will depend largely on the outcome of the early spring lamb crop and on the general trend in business activity. It is fairly certain, however, that prices of spring lambs at the beginning of the season in April and May will be considerably lower than those of a year earlier.

Annual Livestock Inventory, January 1

The annual report of livestock numbers on farms January 1, and of value per head, was released February 17 by the Crop Reporting Board. Copies may be obtained on request to the Division of Economic Information, Bureau of Agricultural Economics, Washington, D. C.

The number of all sheep and lambs on January 1, 1938, was 52,912,000 head, which was 330,000 head larger than a year earlier. The number of stock sheep was smaller than a year ago, but the larger number of lambs on feed brought the total above last year. The number of stock sheep was below a year earlier in nearly all of the important Western sheep States except Texas and Wyoming, and the total in the 13 Western sheep States was 406,000 head smaller. The value per head, \$6.12, of all sheep and lambs was 10 cents higher than a year earlier, and the total value of \$323,746,000 was about \$7,400,000 larger.

WOOL PRICE SITUATION 1/

Wool prices both in the United States and in foreign markets in the first half of 1938 will be affected by large supplies of raw wool, with no immediate prospects for recovery in mill consumption. Since stocks of wool in this country are now much larger than a year earlier, and with consumption in the next 3 or 4 months expected to be considerably smaller than in 1937, stocks about April 1, when the new domestic clip becomes available, probably will be materially larger than a year earlier. The increase in stocks at the beginning of April over a year earlier, however, may be less than the increase on January 1 because imports of wool in early 1938 will be much smaller than the large imports in early 1937.

Mill consumption of apparel wool, in the United States in December was more than 60 percent smaller than in December 1936 and was the smallest December consumption since 1920. Because of the large consumption in the early months of the year, consumption on a scoured basis, for the year 1937 was only 11 percent smaller than in 1936 and 18 percent smaller than in 1935.

Although United States imports of apparel wool for consumption, amounting to 150 million pounds in 1937, were the largest since 1926, most of the 1937 imports entered this country in the early months of the year. Since last May imports have declined sharply and in November and December they were about 70 percent smaller than a year earlier.

The improvement reported in foreign wool markets in December was not maintained in January and trading in the domestic market was light. The failure of domestic mills to resume buying in January even at the moderate rate of December and the weakness of prices in foreign markets, was accompanied by small declines in domestic wool prices in the second half of the month.

1/ From the February issue (February 17) of the Demand and Price Situation, a monthly report of the Bureau of Agricultural Economics.

Supplies of sheep and lambs, specified periods

		Year			Month			
Item	Unit	Average 1924-33	1936	1937	Jan. average: 1924-33	Jan. 1937	Dec. 1937	Jan. 1938
Sheep and lambs:								
Number slaughtered under Federal inspection 1/.....	Thou- sands	14,737	17,216	17,270	1,219	1,700	1,403	1,552
Receipts at seven markets 2/.....	do.	3/15,241	11,892	11,470	3/1,183	1,006	717	924
		</						

1/ Bureau of Animal Industry.

2/ Chicago, Kansas City, Omaha, Denver, St. Joseph, Sioux City, and St. Paul.

3/ Average 1929-33.

Price per 100 pounds of sheep and lambs, by months, November to January,
1935-36 to 1937-38

Item	1935-36			1936-37			1937-38		
	Nov.	Dec.	Jan.	Nov.	Dec.	Jan.	Nov.	Dec.	Jan.
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Slaughter lambs, Chicago:									
Good and Choice.....	10.30	10.92	10.48	8.90	8.37	10.29	9.46	8.70	8.02
Common and Medium.....	8.87	9.56	9.32	7.15	7.26	8.68	7.86	6.98	6.60
Slaughter ewes, Chicago:									
Good and Choice.....	4.71	4.75	4.82	3.78	4.10	5.24	3.99	3.85	3.94
Common and Medium.....	3.92	4.02	3.90	2.46	2.78	3.85	2.84	2.97	3.08
Feeding lambs, Omaha:									
Good and Choice.....	9.00	9.76	9.59	7.06	7.14	8.76	8.70	7.95	7.49
Average price paid by packers:									
Sheep and lambs	8.85	9.87	9.55	7.92	8.19	9.50	8.55	8.18	
Average price received by farmers:									
Sheep	3.89	4.21	4.34	3.58	3.85	4.24	3.95	3.86	3.67
Lambs	7.57	8.15	8.25	7.23	7.26	7.92	7.87	7.48	7.15
Lamb, New York:									
Wholesale carcass: <u>1/</u>									
Choice	18.22	19.94	18.98	15.95	14.20	16.02	20.08	19.58	17.62
Good	17.46	19.02	18.00	15.05	13.27	15.05	18.97	18.55	16.62
Medium	16.47	17.94	16.97	14.21	12.20	14.12	17.77	17.19	15.35
Pulled wool, Boston: <u>2/</u>									
Choice AA	91.5	91.5	95.2	99.4	107.6	118.6	88.9	79.9	77.8
Choice White B	78.1	78.5	80.3	83.1	95.1	104.2	71.9	61.5	60.5
Sheep pelts, packers shearlings, No. 1 Chicago:									
each. <u>3/</u>	0.92	1.13	1.25	1.02	1.32	1.46	0.94	0.68	0.72

1/ Choice and Good, 38 pounds down; medium, all weights in 1938, and 38 pounds down, 1935-37.

2/ Cents per pound.

3/ Bureau of Labor Statistics.

SHEEP AND LAMBS: PRICE AT CHICAGO AND FEDERALLY INSPECTED SLAUGHTER, AVERAGE 1924-33, AND 1937 TO DATE

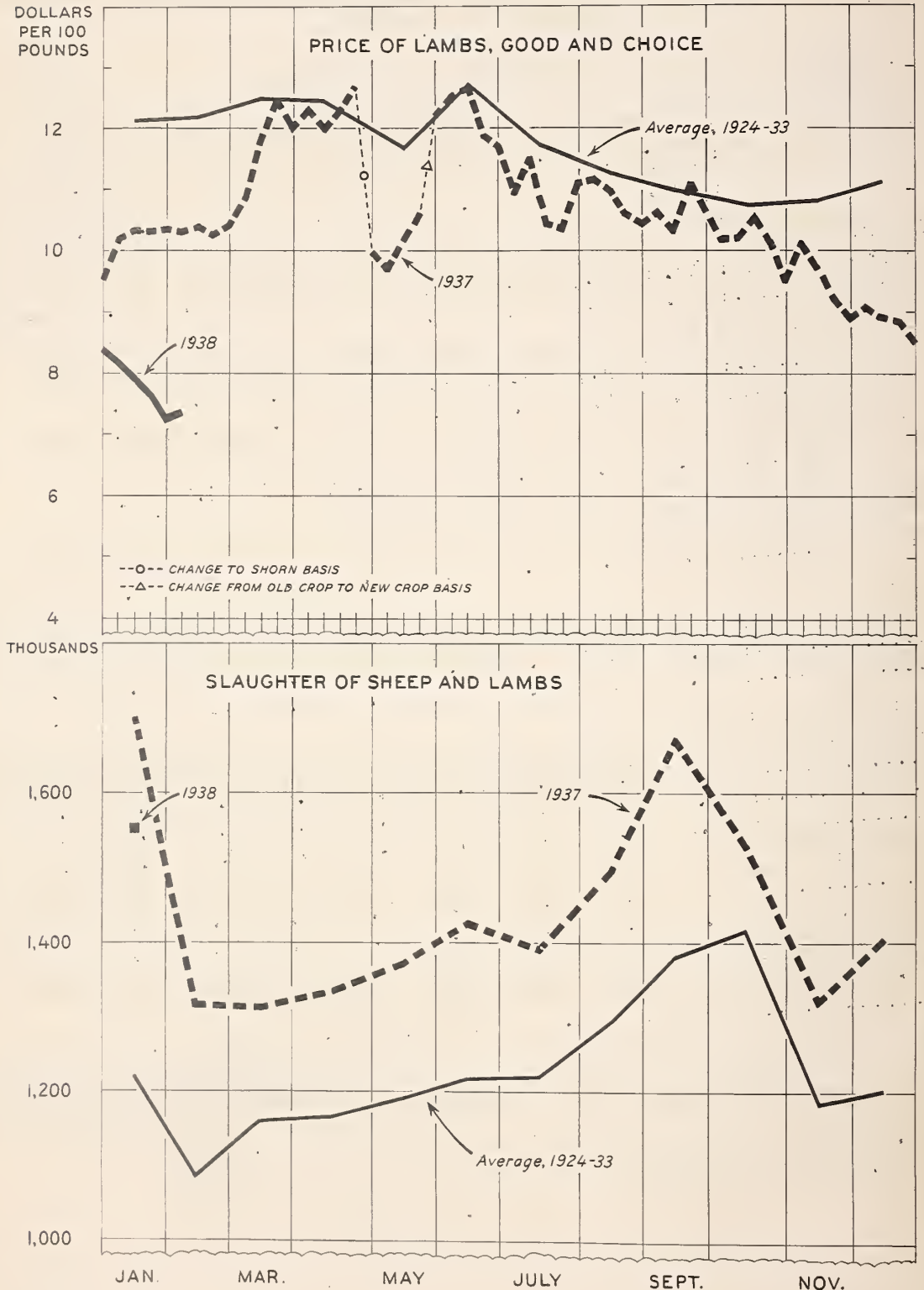


FIGURE 1